

## Chapter 9— Visits, Reviews, and Audits

We conduct initial visits of organizations that have applied to participate in the CACFP. The purpose of the initial visit is to assess an organization's ability to manage and successfully operate the CACFP, verify the information submitted on an application, and to provide technical assistance as appropriate. We will conduct the pre-approval visit prior to approving an application.

We will visit your administrative site to evaluate your management ability and the resources (for example, staff) that you have reserved for your CACFP operation.

If there are inconsistencies between our observations and the information that you submitted, we may deny your application.

We may conduct periodic visits of CACFP institutions that have been determined to be at risk of program noncompliance. During these visits, we provide technical assistance to improve your management ability and reduce the risk of program noncompliance, which could result in adverse action.

### **Reviews**

CACFP sponsoring organizations and your providers must allow the USDA and IDOE representatives to inspect your facilities and examine and copy your records during normal business hours. We reserve the right to conduct unannounced reviews.

We conduct administrative reviews of your participation at least once every three years. Provider reviews are conducted as part of the overall administrative review. We will share provider review findings with you after the administrative review is complete.

You must make the following records available for inspection during an administrative review:

- Claim for Reimbursement, for any month requested;
- Agreements between Sponsor and Day Care Homes, with an attached copy of the license for providers;
- all supporting documentation, and income verification for providers who applied for Tier I reimbursement status by income;
- all documentation of provider's tier determination, and supporting documentation for providers;
- all notices to providers of tier determination;
- all approved and denied Applications for Free and Reduced-Price Meals for resident children served by area-eligible Tier I providers;
- all approved and denied Applications for Free and Reduced-Price Meals for foster children;
- Head Start/Even Start Program documentation;

- all Tier II Options Form for Tier II providers, who requested the distribution of income applications to parents;
- all approved and denied Applications for Free and Reduced-Price Meals for Tier II providers;
- current school data;
- your Contract and Management Plan for the current program year;
- records verifying payments to providers;
- documentation of program income;
- itemized receipts, invoices, billings, ledgers, bank statements, and other proof of administrative costs;
- records of subcontracting, if applicable;
- the name, job function, and job title of all current staff, employees, volunteers, and contract labor;
- a list of current Board of Directors;
- records of expenses for volunteers who conduct functions relating to the CACFP;
- records that support the labor costs that you claim;
- documentation of procurement and procurement procedures;
- written codes of standard of conduct;
- nondiscrimination statement and written procedures for filing a Civil Rights complaint (these supplies must be supplied to all parents/guardians who inquire about day care);
- written procedures for processing Civil Rights complaints;
- data that you have collected regarding the racial/ethnic categories of current and potential participants;
- public announcement for current program year stating that admission is open to all regardless of age, sex, disability, race, color, and national origin;
- staff training records for the current program year with training dates, locations, topics, names of staff attending, and name of trainer;
- provider training records for the past 12 months, including the dates, locations, topics of training, and list of attendees and trainer;
- completed Pre-Approval Visit Form for each provider;
- completed Monitor Review Form each provider under your sponsorship;
- written information for providers informing them of their appeal rights;
- all documentation relating to adverse actions that you have initiated;
- all provider appeal records;
- system for tracking appeals and records to support documentation contained on the tracking system;
- Single Audit records, if applicable;
- most recent List of Terminated Providers; and
- any additional information/documentation pertaining to sponsors of family day care homes that may be requested by us during the Administrative Review.

After the program review, we will send you a Program Review Letter. You will be required to submit a corrective action explaining your strategy for correcting the noncompliance. You have the right to appeal any decision we make that adversely affects your participation in the program.

If the administrative review identifies program noncompliance that exceeds certain tolerance levels, we will conduct a follow-up review.

### **Audits**

Audits are conducted to determine whether:

- financial operations are conducted properly;
- expenditures of program funds comply with applicable laws and regulations;
- internal procedures meet the objectives of federally assisted programs;
- financial statements are correct; and
- financial reports contain accurate information.

The frequency and scope of audits of higher education institutions and nonprofit organizations are determined by the amount and source of federal financial assistance expended in any year. If the federal financial assistance that you expend in one year exceeds \$500,000, then you must have an organization-wide audit conducted for that year. If the federal financial assistance that you expend in one year is less than \$500,000, then you are exempt from the single audit requirement.

The federal audit requirement for Private, Not-for-Profit CACFP sponsors is outlined in 7 CFR Part 3052 and OMB Circular A-133. These requirements state that any organization that expends more than \$500,000 in federal dollars must be audited. The audit requirement is generally met by an organization wide audit, though in certain instances a program specific audit can be substituted. Audits must be annual except for entities that had biennial audits for all biennial periods ending between July 1, 1992 and January 1, 1995. An agency that meets this condition may retain its biennial audit frequency; however, a non-profit agency that previously obtained annual audits or has not documented audit history covering the “window of opportunity” could not adopt a biennial audit cycle.

### **FINANCIAL STATEMENT FINDINGS OR FEDERAL AWARD FINDINGS**

At the completion of the audit, the agency shall prepare a corrective action plan to address each audit finding included in the current year auditor’s reports. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the agency does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons. The corrective action plan should be a part of the audit report.

### **AUDIT REPORT DUE DATE**

Audits are due to the Division of School and Community Nutrition Programs nine months after the end of the audited period/fiscal year.

### REIMBURSEMENT FOR AUDIT COSTS

School and Community Nutrition no longer has discretionary funds available to fund a portion of the cost of audits. The portion of the audit cost related to operating the CACFP is still an allowable program expense, but sponsors will receive no additional funding beyond the normal monthly reimbursement payments.

IDOE retains, for the federal government, and ourselves the right to conduct additional audits as necessary.

If serious deficiencies such as fraud or misuse of funds occur and corrective action would not be practical, we will immediately seek to terminate and disqualify your participation in the CACFP.